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Child Care Assessment

FOR THE CITIES OF SANTA BARBARA & GOLETA

*Prepared by United Way of Santa Barbara County
Data and research from Maria Chesley Consulting*



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For the full report from Maria Chesley Consulting, please visit www.unitedwaysb.org/reports

EXECUTIVE SUMMARY

For decades, the need for affordable, high-quality childcare for children from ages zero to five years has been a challenge for working parents throughout the country. Households from a variety of income levels are constantly battling both the lack of available spaces and high costs for quality care for their children. For many families, the benefits of having both parents working are often outweighed by the cost of childcare itself. For the average dual-income household with two children ages 0-5 in a licensed childcare facility here in Santa Barbara County, they can be expected to spend an estimated 37% of their monthly income on childcare costs alone. Taking into consideration rising costs for other necessities like food and housing, the barriers are often unsurmountable, leaving many families behind. The impact of affordability and access to quality childcare extends beyond individual households. Whether working parents leave the workforce to care for children at home or struggle to afford high monthly childcare fees, local economies are suffering the consequences of a broken childcare system.

According to the 2020 Census results for the cities of Santa Barbara and Goleta, median gross rent was estimated at \$1,893. For a family of four with one infant and one preschooler in childcare, an average of \$2,675 per month, yearly costs for rent and childcare alone will total over \$56,000, 12% more than the annual salary for two full time jobs at the minimum wage here in Santa Barbara County.

These economic repercussions have already been measured on a national scale. In a recent report, the U.S. Chamber of Commerce Foundation concluded that childcare is essential to supporting the current workforce and building a healthy economy. They found “tremendous untapped economic potential” in five states if problems of childcare affordability, access, flexibility, and quality were solved. Texas, a state with 75% the population of California, “loses an estimated \$9.39 billion annually from its economy due to breakdowns in childcare” (Center for Education and Workforce, 2021).

The Bipartisan Policy Center (BPC) estimates the economic impact of accessibility in the childcare space by calculating three components:

FAMILIES IN SANTA
BARBARA COUNTY CAN BE
EXPECTED TO SPEND AN
ESTIMATED 37% OF THEIR
MONTHLY INCOME ON
CHILDCARE COSTS ALONE

- **Household Impacts**

Income losses parents incur from having to reduce their work hours or leave the labor force entirely, as well as future lost earnings from delayed opportunities for promotions, reduced work experience, and reentering the workforce at a lower station.

- **Business Impacts**

Direct productivity losses such as hours of foregone worker productivity and continual pay and benefits paid to employees when they are not working, as well as future lost earnings from turnover costs and the delayed ability to capitalize on growth opportunities.

- **Tax Revenue Impacts**

The proportion of lost household and business income that would have contributed to government revenues, as well as future lost tax revenues from future lost household and business earnings.*

* (Bipartisan Policy Center, 2021)

Using public data sources reviewed by the state representatives, the BPC estimates that the cumulative impact on households, businesses, and tax revenues of the undersupply of childcare spaces in California are approximately \$48.4 billion dollars annually. In Santa Barbara County, economic impact is estimated to total **up to \$305,589,000 annually**, a number that is set to increase as deficits incurred in the one-year period compound. (Bipartisan Policy Center, 2021).

The onset of the COVID-19 pandemic exposed and amplified the concerns about childcare for working parents. Many childcare providers shut down in March 2020, narrowing the already slim availability for parents who needed care in order to return to work. Some providers were able to reopen but required a “pod” of fewer children in each classroom. Combined with the transition to hybrid or virtual learning for older students in public schools, many families struggled to balance caring for young children and facilitating virtual instruction for school-aged children. Even with the option to work from home, without access to childcare, many working parents were left with little to no support. A significant number of families made the difficult decision for one of the parents to leave their job to stay at home full time with their children. According to research, women were statistically more likely to leave the workforce to care for their children, hindering decades of progress in female representation in the workforce.

The consequences of the COVID-19 pandemic for working parents brought the issue of childcare front and center for employers, many of whom were concerned about the effects on their ability to recruit and maintain staff both onsite and remotely. Locally, many of the County’s largest employers developed solutions and workarounds to support struggling parents. For example, within the Goleta Unified School District, childcare was provided for children of district staff during school hours in large part so teachers could Zoom with their students without interruption. Some employers allowed parents to work evenings or otherwise flex their time so they could work when their children were asleep or otherwise cared for.

The pandemic both revealed and widened the obvious gaps in the childcare system and solidified public perception of quality, affordable childcare as essential infrastructure that is vital to the health of the economy. Social impact investing, public funding, and hybrid models that include philanthropic investment and/or employer subsidies for childcare spaces are all options for supporting a restructuring of childcare systems. Several proven funding models are being used to address childcare needs in other municipalities, such as property taxes in San Francisco and fees paid by commercial developers in Palm Desert (Byron, 2005). Some efforts are led by city government employees, while others are regional. In other instances, funding models operate through non-profit organizations funded by government sources. Locally, models have also been developed to support families in the “missing middle” on a scholarship basis. The Santa Barbara Foundation’s William & Lottie Daniel Fund Child Care scholarships gives a number of providers the opportunity to help a small number of families. Scholarship programs that are income-based have been suggested as models to help working parents afford childcare providers that meet state quality initiatives, like California’s Quality Rating and Improvement System, administered locally by the Santa Barbara County Education Office.

On a local scale, the issues that affect working parents nationwide are often amplified here in Santa Barbara County. Coupled with the high cost of living, availability for licensed childcare has plagued working parents throughout the County for years. In response to this need and the demonstrated economic impact, the Cities of Goleta and Santa Barbara commissioned United Way of Santa Barbara County (UWSBC) to conduct a childcare assessment to better understand the needs of working parents and childcare providers. Local consultant Maria Chesley and UWSBC leveraged a robust network of community partners, educators, and childcare providers to assess parent and licensed provider needs. This study sought to understand the childcare system serving children from zero to five years of age within the cities of Santa Barbara and Goleta. The survey sought the perspectives of parents, employers, and childcare providers through online surveys, interviews, and focus groups.

FINDINGS

Findings indicate that the childcare system in the cities of Santa Barbara and Goleta inadequately serves both parents looking for childcare and care providers. 70% of parents with children under five say their experience finding care was difficult or very difficult, and 54% are dissatisfied with local options for childcare or early education before kindergarten. Though this data is in line with national trends, the unique local environment creates an even wider gap and larger impact on families when essential infrastructure like childcare is not accessible or affordable. (Kamenetz, 2021) Accelerated by the effects of the pandemic, economic instability continues to be a challenge for households with young children in need of childcare.. Data from the survey points to an unsustainable environment for both working parents and childcare providers. Survey results focused on three major barriers for parents and providers: **Cost of Childcare, Demand for Spaces, and Staffing and Employment Challenges.**

Cost of Childcare:

Surveyed providers report that the average monthly cost for a full-time infant is \$1,481 and a preschooler is \$1,194. For a family of four, with a preschooler and an infant in full time care, earning the median household income in Santa Barbara County, households can be expected to spend an average of 37% of their monthly income on childcare costs alone. Though some families qualify for government programs like Head Start, services don't always meet the needs of parents, with some programs only offering half-day care or less. Parents who are not eligible for free or low-cost public programs, especially those with incomes just above those that qualify, face significant financial hardship.

Demand for Spaces:

The Santa Barbara County Child Care Planning Council report released in 2020 estimates a significant gap between the need for care and capacity in the County, with an estimated deficit of 9,371 spaces for children ages 0-5 in licensed care facilities. (CCPC, 2021) Surveyed providers in the cities of Goleta and Santa Barbara report that over 1,000 parents are on waitlists for infant and toddler spaces and another 1,100 are on waitlists for children from three to four years of age. Few providers offer both full time (20-30 hours) or weekend care. Only 4% of licensed care providers offering both.

The demand for care has also increased year over year in the reported area. When surveyed about recent trends in enrollment, 55% of providers reported longer waitlists and higher demand for infant care. Though the early days of the pandemic may have stalled enrollment as parents balanced working from home with caring for their children, waitlists remain long as local businesses reopen.

Staffing & Employment for Providers:

The largest reported obstacle for surveyed childcare providers is maintaining qualified staff. Providers point to inadequate pay and a limited pipeline of workers entering the field. The COVID-19 pandemic had a significant impact on small businesses and their ability to maintain qualified, reliable staff, a challenge magnified for local childcare providers, competing with school districts, private clients, and other well-funded agencies. Due to the nature of childcare, staff must maintain certain qualifications and training for interactions with children, another barrier to maintaining employees in licensed care facilities. More than two-thirds of the providers said they would consider increasing the number of spaces they offer if funding were available.

This study provides data that has not often, if ever, been collected in our region and supports this group of recommendations. That said, it also makes clear that precise data about the availability and need for childcare matched with program eligibility requirements is missing, not just in Southern Santa Barbara County but nationwide.

RECOMMENDATIONS

Given the financial strain childcare creates for parents/guardians and the consequential economic setbacks, we recommend concrete actions that address several interrelated problem areas for a number of years. To support and guide the implementation of these recommendations, a coalition of stakeholder groups and community leaders should

be appointed to adopt and pursue a childcare collaborative action plan. Engagement from a childcare coordinator to manage the adoption and implementation of the plan should also be considered. Developed solutions should take into consideration the impact of universal preschool in California beginning in 2025.

Elements of a comprehensive plan, which could be implemented in stages, should include:

- access to precise, actionable data about the availability of care, need for care, & childcare workforce pipeline
- a coordinated mechanism for connecting parents with program openings
- strategies to increase the supply of high-quality, licensed childcare spaces
- approaches to strengthen the pipeline of qualified early care and education workers
- supplemental support for pay of workers in the sector
- policies and programs to help childcare providers open and maintain profitable businesses
- facilitation of employers' support of employees around childcare needs
- scholarships for middle-income parents who do not qualify for government subsidized programs but cannot easily afford childcare

ASSESSMENT

OVERVIEW

Children's first years set the stage for all health, educational, and life outcomes. There are long-term consequences of inaction during early childhood. Developmental studies clearly connect experiences in early childhood, especially from birth to three years old, to later achievement at school and work, lifelong health, and responsible citizenship.

The scientific evidence—ranging from behavioral genetics and neuroscience to policy analysis and intervention research—on the significant developmental impacts of early experiences, caregiving relationships, and environmental threats is incontrovertible. Virtually every aspect of early human development from the brain's evolving circuitry to the child's capacity for empathy is affected by the environments and experiences that are encountered in a cumulative fashion, beginning early in the prenatal period and extending throughout the early childhood years”

Institute of Medicine and National Research Council, 2000

Research indicates that it is critically important that children's early experiences are safe, supportive, and nurturing. Many argue that there is high economic return on investment in quality education of very young children, particularly those without strong support at home. Research shows that “high quality early childhood programs can yield a \$4 to \$9 return per \$1 invested” (The Center for High Impact Philanthropy, 2015). Nobel Prize-winning economist James

Heckman finds an even higher **rate of return of 13% for early childhood programs that start at birth for children from low-resource communities.**

The high return on investment reflects the life-long cost of inattention to the basic care of children that can lead to poorer outcomes in education, health, and employment. For example, in 2018 Santa Barbara County had 423 verified victims of child abuse with an estimated cumulative financial impact of almost \$115 million over time. In 2018, Santa Barbara Child Welfare Services received a report of abuse every two hours, a total of 5,211 for the year. High-quality childcare can reduce child maltreatment, perhaps by allowing parents to work and thereby reduce stress around household finances. Better access to subsidized childcare is associated with decreased child maltreatment rates (Klevens, Barnett, Florence, & Moore, 2015) (Yang, 2019). When children do not get a healthy start on life, too often societal costs like increased health care, welfare, or prison follow.²

Children deserve access to high-quality early care and education regardless of their family situation. Equity in the childcare space is an essential piece of building a more inclusive and resilient community, supporting children in the most impactful time of their development. A focus on creating opportunities for families of all income levels to find and afford quality care represents an investment in the future workforce, economy, and health and wellbeing of children and families.

ASSESSMENT

METHODOLOGY

This study was designed to understand the childcare system serving children before they enter kindergarten, or transitional kindergarten if eligible, in the cities of Santa Barbara and Goleta (zip codes 93101 through 93118). These parameters encompass the City of Santa Barbara, Montecito, the City of Goleta, and the unincorporated area between the two cities.

This report includes the perspectives of three stakeholder groups: parents, employers, and childcare providers. Parents of children zero to five years who live or work in the region were surveyed about their experience with finding and maintaining childcare in the region. Information was also collected from 72 local childcare providers, professionals who support parents or providers, and several major employers in the region, including government agencies and not-for-profit service providers.

The study tools used and basic information about the participants in each is provided below.

PARENTS

Online survey: 492 parents responded to our survey about their experience with local childcare; they qualified by having a child aged zero to five years and living and/or working in the region themselves or having a partner who does. An additional 131 parents started the survey but were disqualified because of the age of their child or living and working outside the region. Twenty-seven of the qualified respondents completed the survey in Spanish.

Eighty-eight percent of the parents who completed the survey are employed, most of them full-time. Ninety-one percent of the parents surveyed work locally in the cities of Santa Barbara or Goleta. Seventy-eight percent of parents surveyed have a parenting partner, and they both work at least part time. Sixty-three percent of respondents have a household income between \$53,000 and \$212,000; they might be considered middle income in this region. The vast majority are paying for childcare themselves and, based on reported household income, are not eligible for subsidized childcare.

- 492 parents of children ages 0-5 responded to the survey
- 88% of parents surveyed are employed, most full time
- 63% of respondents have a household income between \$53,000 - \$212,000

CHILDCARE PROVIDERS

Online survey: Seventy-two people who own or manage state-licensed childcare facilities in Santa Barbara and Goleta responded to our survey about their capacity, costs, and challenges. Five of the respondents completed the survey in Spanish, and others completed it over the telephone in Spanish or English. There are approximately 86 facilities serving children before they enter kindergarten or transitional kindergarten, meaning approximately

84% of providers in the region responded to the survey. The respondents are licensed to serve about 4,500 children at any one time and employ 1,261 people.

Interviews: Eleven leaders in the Early Care and Education sector and several who work closely with providers or parents were invited and spoke with the lead author for about an hour about the challenges in the sector, their ideas for improvement, and their predictions for the sector.

- 72 state-licensed childcare facilities responded to the survey
- 84% of providers were surveyed in the Santa Barbara – Goleta region
- Respondents employ 1,261 childcare staff

EMPLOYERS

Focus groups and questionnaire: Twelve people who work for 10 organizations in the region were invited and attended one of four focus groups and/or provided information via email about their employees' childcare needs, how they support their employees around childcare, and their ideas for improving the childcare system in the region. Together, they represent almost 11,000 employees in our region. A number of for-profit organizations were also invited but did not participate.

- 10 local organizations participated in the survey
- 4 focus groups were hosted to collect feedback
- Surveyed organizations represent 11,000 employees in the region

ASSESSMENT

FINDINGS

Parents are dissatisfied with the local childcare system.

Survey results show that most local parents of young children are dissatisfied with the childcare system. 492 parents responded over a two-week period, representing households with children ages zero to five and lived or worked in zip codes 93101 through 93118. Parents report limited availability of spaces, high cost, and a lack of information about providers as major barriers to their success in finding quality care that fits their needs. Seventy percent of parents say their experience finding care was difficult to very difficult (see Table 1), and 54% said they are dissatisfied with local options for childcare or early education before kindergarten. Parents at the top and bottom of the income range are less likely to be dissatisfied with childcare options than those whose incomes fall in the middle range (Table 6).

Table 1: Parents' Experience Finding Childcare	% of Parents
Very difficult	29%
Difficult	42%
Neither easy nor difficult	16%
Easy	7%
Very easy	2%
Not applicable - have not looked for childcare	5%

Table 4: Parents' Experience Finding Childcare by Family Composition and Working Status	% found experience difficult or very difficult
Single parents	68%
Two parents, single income	60%
Two parents, double income less than 2 full-time	59%
Two parents, double income at least 2 full-time	78%
Overall	54%

Parents' Satisfaction with Local Options for Childcare before Kindergarten by Household Income	% dissatisfied by household income
\$0 - \$26,500	50%
\$26,500 - \$53,000	56%
\$53,000 - \$106,000	58%
106,000 - \$212,000	54%
\$212,000 - \$400,000	50%
More than \$400,000	40%
Overall	54%

CHALLENGES IN CHILD CARE

Cost of Childcare

The cost of childcare varies by the child's age. The providers who responded to our survey offer private preschool and/or government-subsidized care for which parents pay on a sliding scale depending on their income. They report that **the average monthly cost for a full-time infant is \$1,481, a toddler is \$1,346, and a preschooler is \$1,194.** The least expensive care reported was \$500 per month for a preschooler and the most expensive was \$2560 per month for an infant. The survey found the average cost of in-home care to be slightly less than center-based care.

Low-income qualified families are often eligible for Head Start, State Preschool, or a publicly funded voucher that is accepted in some private childcare programs. Head Start and Early Head Start are esteemed federal programs that aim to ensure children are ready for kindergarten. Lorraine Neenan, Program Director of Children's Services for CommUnify, leads these programs in Santa Barbara County and shared,

"The federal poverty guidelines are so low that we've had a hard time finding anybody who qualifies. The poverty line is the same for Mississippi as it is for Santa Barbara County."

Historically, public investment in childcare has focused primarily on serving children from low-income families, but access to that segment of the childcare system is partially hamstrung in the cities of Santa Barbara and Goleta. To be eligible for Head Start, a family of four must have an annual household income (before taxes) below \$26,500. The State Preschool eligibility ceiling is 85% of the state median income; a family of four with an annual household income of just over \$89,000 before taxes and a few who just exceed that may be eligible depending on availability of spaces.

United Ways of California produces an annual report entitled *The Real Cost Measure*, which dictates a more holistic approach to identifying standards of poverty in California. The Real Cost Measure (RCM) is a benchmark that accounts for factors that expose the "missing middle," or families whose income leaves them ineligible for programs designed for those who fall under standard levels such as the Federal Poverty Level, but who remain severely impacted by factors that prevent mobility and impactful change in their financial situation. Though these households are making

enough to meet basic needs as defined by traditional measures, hidden or underestimated costs, such as childcare and variable cost of living in different regions continue to keep these families in a constant state of financial stress. One of the major factors considered in the RCM is the cost of childcare, a particularly heavy burden for families with children between the ages of 0-5. In the most recent report, for families living in California,

“54% of households with children under six years of age fall below the Real Cost Measure, and that rate jumps to 75% for single mothers with children under six. Over half of households with young children live below the Real Cost Measure.”

The Real Cost Measure, United Ways of California, 2021

The report demonstrates a significant deficit in an average budget for basic expenses for a household of two working parents, with children ages two and four. Childcare costs estimated in the budget are below average based on reported costs from local providers, and still the annual after-tax household income needed to support this family in Santa Barbara County is over \$100,000. According to ZipRecruiter, the average annual pay for a retail job in California is \$45,143 a year. (2021) At an hourly rate of approximately \$21.70, a retail position like this earns well above the minimum wage of \$15 an hour. With both parents earning a combined \$90,000 a year and spending according to the underestimated budget outlined in the report, these families are already short almost \$1,000 per month.

State-funded preschool programs have somewhat higher income limits, but classes can be as short as three hours a day. Many middle-income parents who are not eligible for these government-subsidized programs are often constrained in their options for childcare due to high monthly costs. Considering the reported costs of care in this survey, dual income households with two children in childcare in Santa Barbara County can be expected to spend up to 37% of their monthly income to cover that expense. This does not account for parents of children with special needs who are often offered limited hours each week of childcare services and receive no structured support in securing additional care to meet their needs.

Demand for Childcare Spaces

The surveys make it clear that demand for childcare vastly outweighs the supply of spaces. Childcare providers in the reported sample, representing an estimated **84% of providers in the area (93101 – 93118), report that just over 1,000 parents are on waitlists for infant and toddler spaces.** Even as children age out of infant and toddler programs, supply still doesn't meet the demand for preschool aged children, despite the increase in spaces available for this age group. Providers reported waitlists of 1,100 for preschool classrooms. One parent who responded to our survey wrote,

“Most home daycares are word of mouth and are impossible to find online for reviews or ratings. Any child care centers require multi-month waitlists with fees and requirements to “check-in” on the waitlist or your family is removed from the list entirely. Feels like the hunger games in order to find any care at all.”

The national Bipartisan Policy Center (BPC) utilized national data sets to estimate the potential need for childcare across the county. Compared to state databases of licensed spaces, a significant deficit was reported. According to the BCP report, **in Santa Barbara County there is a potential need for 7,760 additional licensed spaces for children ages 0-5.** Results from this report closely align with data from the 2020 census.

Concerns about children and families on long waitlists was identified as a challenge by almost half the providers surveyed. In an open-ended question about trends observed over the years, over a third of those who responded noted longer waitlists, and a similar number noted the increased need for more infant and toddler care.

Childcare providers, like parents, feel the pressure of inadequate capacity and affordability for parents who do not qualify for government-provided or -subsidized care. Several stressed that a mix of providers is needed to meet the needs. One wrote,

"There is a huge silent middle, our teachers, ER doctors, county workers who need care for their kids and the Head Starts and State Preschools do not serve this population, the private centers do! The large businesses in the area who bring in lots of workers from outside the area need to support the childcare infrastructure that their workers are using. [They] need to step up and contribute to this resource that their businesses are benefiting from. Their profits are on the backs of all the underpaid childcare workers who make it possible for their employees to work!" Another respondent said our community needs "support for community fee-based programs that offer full day programs so that parents can work. [We need to support] the missing middle of parents who often pay 20-30% of their income in childcare but do not qualify for State Preschool or Head Start."

Childcare Staffing Concerns

When providers were asked about the largest challenges they face, 50% reported that they lack enough qualified staff. When asked for additional feedback about childcare in the region, more providers cited challenges around staffing (e.g., hiring, training, paying) than any other concern. In-home family childcare providers and teachers do not have coursework requirements, but those who serve children in center-based licensed facilities do. Teaching in government-provided programs generally require state childcare permits as well. Substitute teachers and those who have program directors permits and courses that allow them to teach infants and toddlers are in particularly short supply.

The data collected in the survey also suggests that the region is not attracting enough new childcare business owners. In the reported sample, there were no new centers or family childcare facilities that had opened in the past two years. A large majority - 83% - of the providers surveyed had been in business more than 10 years. Leaders reported that even if a provider wanted to expand, finding and opening new facilities was a challenge. The City of Goleta's efforts to encourage new facilities – model zoning requirements, incentives for developers for constructing and operating facilities, and the elimination of business licenses and development impact fees for in-home family childcare

providers—were positive steps according to those surveyed. However, concerns about the informal nature of the strategy for supporting builders who might include childcare facilities were also reported.

With the anticipated expansion of Pre-K programs in California in 2025, the need for school districts to hire qualified staff for new classrooms will undoubtedly increase. With the promise of higher pay and benefits associated with district employment, local childcare centers and in-home facilities can expect increased challenges in retaining qualified teachers and staff. The California Commission on Teacher Credentialing has developed a plan that would allow public school districts to hire preschool teachers with bachelor’s degrees to teach their new preschool classes.

In addition to the competing offers from districts, some providers point to the pay in other sectors and note that positions in retail have the potential to pay the same, if not more, while also offering a lighter workload and emotional toll. One leader said,

“I ran my own preschool for essentially high-income families for 17 years. In the childcare business, you cannot make money without compromising quality. Essentially, in the last 40 years I have been subsidizing childcare with my low wages. [Since I went to work as a leader in a large non-profit], the last five years I’m finally making a living wage. You know, that’s not right. Because it’s the most important job there is.”

Increased external support and subsidization programs for providers to maintain competitive salaries for staff and keep tuition affordable can be an essential step in addressing these challenges. The Orfalea Children’s Center at Cottage Health has the ability to subsidize overhead costs for the center, such as food, cleaning, groundskeeping, maintenance and facilities, keeping parents’ tuition costs low. However, the challenges of maintaining quality care while keeping up with demand still exist. Ron L african, Director of Compensation and Benefits at Cottage Health noted difficulty controlling staffing costs given required adult-child ratios.

“We have a ratio of one to eight for the preschool, but when we have nine children, we need a second teacher for one additional child, and that’s a cost to the organization.”

Without competitive salaries or support in facilitating training and other requirements, childcare providers will continue to suffer, leading to higher monthly costs for parents and even lower numbers of available spaces.

RECOMMENDATIONS

Responding to the needs of the childcare sector and families

This study makes clear that the local childcare system is stressed and fails to meet the needs of both childcare providers and working parents seeking safe, quality care for their children.

The Santa Barbara-Goleta region is experiencing

- an inadequate number of people interested in serving as childcare directors, teachers, and staff
- inadequate pay for a significant number of people currently working in the childcare sector
- long waitlists for childcare and limited options, especially for infant and toddler care
- employers struggling with recruitment and retention due to working parents unable to find or afford childcare
- a changing landscape for childcare with the anticipation of state-provided universal preschool
- limited data about the availability/affordability of childcare and the childcare workforce

This study provided local evidence of a national problem that has been recognized for years. In the 2015 report, *Transforming the Workforce for Children Birth Through Age 8*, the National Research Council concluded,

“The early care and education workforce is at risk financially, emotionally, and physically, subject to a vicious cycle of inadequate resources, low qualification expectations, low education levels, and low wages that is difficult to break.

The early childhood workforce in settings outside of elementary schools is particularly affected by a quality/cost mismatch in the care and education market. Childcare costs are highly driven by personnel and worker turnover is high. Federal subsidies often are inadequate to pay for the high quality of care they are intended to promote, and most families are unable to pay for the quality of care they desire.”

National Research Council, 2015

As the cost of living is higher in Santa Barbara County compared to other regions, the childcare shortage has more significant consequences. Difficulty securing affordable childcare has kept families from moving here and has also played a part in why many families of young children have had to leave.

Creating a more connected and comprehensive childcare system can allow more parents to work, better positioning the cities of Santa Barbara and Goleta as preferred locations for child-rearing and employment. Increased support for families and childcare providers has the potential to build a more resilient local economy and better prepare the future generations for success.

What follows are guiding principles and recommendations that may be part of a solution to the childcare crisis in our region. The recommendations assessed in response to feedback from interviewees, focus group participants, and survey respondents are listed in brief below. The recommendations are interrelated; for example, providers responded that increasing the supply of childcare spaces without addressing the already inadequate number of workers in the sector.

GUIDING PRINCIPLES

- Support high-quality care to promote healthy development and prevent downstream societal costs
- Support working parents in finding and affording quality childcare

- Sustain a long-term effort to achieve a childcare system that works for parents and providers

RECOMMENDATIONS

- Appoint a coalition of stakeholder groups and community leaders who will adopt and pursue a childcare collaborative action plan.
- Hire a childcare coordinator to manage the adoption and implementation of the collaborative action plan.
- Elements of a comprehensive collaborative action plan should include concrete actions to
 - design and implement data collection strategies to guide future efforts
 - build a better mechanism for connecting parents seeking care with program openings they are eligible for and can afford
 - provide scholarships for parents in the “missing middle” who make too much for government subsidized programs but too little to afford the average cost of care*
 - increase the supply of childcare spaces
 - strengthen the pipeline of qualified early care and education workers
 - supplemental support for pay of workers in the sector
 - help childcare providers open and maintain profitable businesses
 - facilitate employers’ engagement in assisting employees with childcare needs

**In response to the data collected in the survey, United Way of Santa Barbara County presented a childcare program proposal to support working parents in the “missing middle” with annual scholarships to licensed childcare facilities in the cities of Santa Barbara and Goleta. The full proposal is included with this report.*

Recommendations

Appoint a coalition of stakeholder groups and community leaders who will adopt and pursue a childcare collaborative action plan. A coalition of stakeholder groups including a socioeconomically and linguistically diverse group of families, employers, local government, and community leaders should adopt a plan that to address the recommended strategies outlined in this report. Challenges within the childcare sector are complex and interrelated, involving multiple stakeholders and various financial and logistical hurdles. A collaborative approach to address accessibility, staffing and compensation, and affordability will be key in identifying lasting and impactful solutions for employers, providers, parents and their children.

Several municipalities provide examples of collaborative initiatives: Dayton, Ohio (Preschool Promise); San Antonio, Texas (PreK 4 SA); and Aspen, Colorado (Kids First). Multi-faceted funding models and sources have also been

tested, including property taxes (San Francisco, 2021) or commercial development fees (Palm Desert, 2005). Leadership within these initiatives has included philanthropic and nonprofit organizations, municipalities and public entities (FEPP, Seattle), and a blend of the two sectors (Square One, Virginia, Early Milestones, Colorado).

Hire a Childcare Coordinator to steward adoption and implementation. A formal position should be maintained to direct the implementation of the childcare collaborative action plan. The coordinator should advise city councils, staff, and the coalition during each phase of plan development. This position would lead efforts to secure funding from government and philanthropic sources in response to identified needs during plan implementation and would be responsible for administration of grant funding and reporting.

Comprehensive Collaborative Action Plan: The action plan to address identified needs within the sector should be informed with robust data and an extensive network of community partners and stakeholders. The scope of the plan should extend past the initial phase of data acquisition and should be designed in a way that results in its dissolution as the collaborative absorbs tasks and frameworks for a more sustainable system. Elements of the Collaborative Action Plan should include:

Design and implement a data collection effort to improve the effectiveness of any efforts pursued

This study provides data that has not often, if ever, been collected in our region and supports this group of recommendations. That said, it also makes clear that precise data about the availability and need for childcare matched with program eligibility requirements is missing, not just in Southern Santa Barbara County but nationwide. Local, comprehensive data from providers and parents is a necessary component to inform effective solutions. Data acquisition strategies should also be developed to combat irregularities, such as eligibility for programs like Head Start, parents on multiple waitlists, and availability from unlicensed providers or parents relying on family care. Information should also be considered, such as neonatal data and trends from local hospitals or collaborative partnerships with pediatricians for a more comprehensive perspective into the environment for all children and their care network. This data collection effort should be supplementary to the report by the Child Care Planning Council, written every three years, that utilizes data from census and similar data sources.

Build a better mechanism for connecting parents seeking care with program openings they are eligible for and can afford

Of the feedback received in this assessment, access to a current list of providers, with openings, eligibility requirements, and costs was noted to be the most important need for working parents. Incentivizing childcare providers to both share and maintain their center's information would be an invaluable resource both for parents and initiatives within the sector. Development of an effective, interactive list would fill the needs of current parents but would also satisfy the needs of prospective parents as well. As part of the newborn care experience at Cottage Hospital, visiting nurses from the Maternal Child Adolescent Health program of the Public Health Department and Welcome Every Baby-Family Connects conduct visits with new parents about childcare and returning to work. Access to a maintained list of providers would help new parents gain a more accurate perspective of the future of their childcare needs.

Provide scholarships for parents in the “missing middle” who make too much for government subsidized programs but too little to afford the average cost of care

For working parents with young children, a return or continuation of their participation in the workforce is heavily influenced by the cost and availability of childcare. For many households, the cost of childcare almost negates the benefit of earning an additional income. The federal limits on income for traditional assistance programs leave out a significant group of families who are above the qualifying line, but still struggle to afford quality care for young children. This group, often referred to as the “missing middle,” remain in dire need of support on their path to financial stability. Partnering with local, licensed childcare facilities throughout Santa Barbara County, establishing a network of providers and connecting them with funding to support families with children in their care can have a lasting and immediate impact for families struggling with the current state of the childcare system.

Increase the supply of childcare spaces

Based on data obtained in this assessment, the supply and demand for childcare spaces varies across income and age levels. Building a targeted response based on data like this will encourage a more effective distribution of funding and support to address areas where supply is lowest. In line with the recommendations listed in this report, this data should also be used to inform support for new licensed care providers in opening and maintaining new centers.

Any solution devised to address availability of spaces should consider the upcoming provision from the state of California of subsidized preschool for all four-year-olds. Termed Universal Transitional Kindergarten (UTK), the program will serve all eligible children by 2025. In the past, the TK day has often been shorter than regular elementary school day hours and licensing requirements can make it difficult for elementary schools to serve children under five in afterschool programs. Subsidized early education like UTK can impact a significant number of parents of all income levels in their ability to afford quality, licensed care. Consideration of this upcoming program in the development of marketing materials, scholarship programs, and other elements of the Collaborative Action Plan will ensure that future philanthropic and government funding and support meets parents and providers where they need it most.

Supporting providers in opening and maintaining new childcare centers, providing financial support to existing providers for staffing and recruitment, and taking advantage of new opportunities in childcare like microcenters (*Tinycare*, San Francisco) and provider management software (*Wonderschool*) represents the level of comprehensive solutions needed to increase availability.

Strengthen the pipeline of qualified early care and education workers

Employment in licensed childcare spaces, both in-home and center-based, comes with a long list of requirements and certifications for providers and center staff. From college courses to yearly certifications and trainings, the sector is often inaccessible or unattractive to individuals interested in childcare. With intense competition in compensation and benefits packages from local school districts, early childcare providers have trouble retaining even the most dedicated staff. Strengthening the pipeline from start to finish, from education and development to hiring and retention, is key to maintaining a healthy, qualified workforce. Options exist for incentivizing positions within the sector, including

scholarships for study with the intent to begin a career in early care and education. Existing resources can be marketed to local students considering a course of study in early childhood education, including Discover Early Childhood EDU, offering information for future teachers and a current list of scholarship programs (*DEC, 2021*). Programs like “Teach Santa Barbara’s Littles” encourage people to enter the career field by providing a stipend after successfully completing the first years of work at a facility. Connecting qualified, motivated professionals to enter and remain in the early childcare workforce is an essential element that will dictate the success of any other initiative to increase availability or accessibility for working parents.

Supplement pay of workers in the sector

Some states and communities have found ways to supplement wages for childcare workers. Focused on professional development and incentives to stay in the field, Dayton, Ohio’s Teacher Promise stipend rewards lead and assistant teachers who stay in their jobs, complete professional development assignments, and promote reading with children and families (*Teacher Promise, Dayton OH*).

Virginia provides another example of a teacher recognition program that includes financial incentives along with recognition of the importance of teachers to the quality of young learners’ experience (*Teacher Recognition, VA*).

Help childcare providers open and maintain profitable businesses

Many local initiatives have already begun to address the barriers to opening and maintaining profitable, licensed childcare spaces. The City of Goleta has adopted model zoning requirements for childcare facilities including priority process of applications, incentives for developers for constructing and operating facilities. Additional recommended steps include:

- Advocate to have income levels raised for subsidized childcare to reflect the cost of living in Santa Barbara and Goleta
- Address barriers for starting childcare facilities by examining ways city land use policies, fees waivers, and other methods can encourage childcare development
- Build childcare into all appropriate planning and funding opportunities, policy decisions, and processes as has been done with Santa Barbara County’s American Rescue Plan Act funds

Shared Service Alliances (SSAs) to strengthen small childcare businesses and the quality of care they provide. SSAs can provide business support and automation tools and bring economies of scale and efficiencies that are impossible for small businesses alone. For example, SSAs can:

- Centralize enrollment, tuition payments, payroll, and bookkeeping
- Centralize staff recruitment, onboarding, professional development, and substitute teachers
- Access health and business insurance, bulk purchasing, and food, janitorial, technology, and legal services

Facilitate employers' engagement around helping employees with childcare needs

In response to this assessment, local employers in government, school districts, and nonprofit organizations expressed interest in working with others to improve their support working parents with childcare needs. Workplace leadership hosting internal conversations to share information about the state of the childcare system and consider ways public and private employers can be a part of solutions. Existing collaborative strategies are already in practice, including Monterey County, who, in partnership with their Chambers of Commerce, certifies employers as family friendly and advertise them on their website (Bright Beginnings, Monterey County)

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About United Way of Santa Barbara County

Since 1923, United Way has served the Santa Barbara County community through funding, partnership development, volunteer services, and by creating, managing, and leading its own unique programs and initiatives that involved dozens of local nonprofit, business, and public sector organizations. United way's mission is driven by a focus on school readiness and academic achievement, financial empowerment, and crisis response and recovery. Their vision is strong local communities where committed networks of leaders and organizations are united to provide children and families the education, financial skills, and resources necessary to be successful today and resilient in times of community crisis.

About Maria Chesley Consulting

Maria Chesley Consulting leads and contributes to organizations and collaborative efforts that promote the education, health, and wellbeing of children, families, and communities. They bring research and evidence-informed practices to bear on the collective development and improvement of cross-sector service delivery systems. Maria Chesley, PhD, long ago adopted Santa Barbara as home and raised two boys, now men, here. For almost eight years, Maria led the Carpinteria Children's Project which offers both state-funded preschool and private early care and education paid for by families directly and by families' government subsidies.

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